GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:64
ANSWERED ON:01.03.2013
FUNCTIONING OF BUSINESS CORRESPONDENTS
Chanabasappa Shri Udasi Shivkumar

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has permitted business correspondent model to ensure financial inclusion and increase the outreach of the banking sector;

(b) if so, the details thereof and the number of business correspondents across the country as on date;

(c) whether complaints have been received by the Government/Reserve Bank of India (RBI) against the functioning of banking correspondents during the last three years and the current year;

(d) if so, the details thereof and the action taken by the Government thereon, bankwise and State-wise; and

(e) the steps taken/proposed to be taken by the Government/RBI to address the issue?

Answer

The Finance Minister (SHRI P. CHIDAMBARAM)

(a) to (e):- A statement is laid on the table of the House

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No.64 for 1st March, 2013 by Shri Shivkumar Udasi regarding Functioning of Business Correspondents.

(a) and (b) With the objective of ensuring greater financial inclusion and increasing the outreach of the banking sector, Reserve Bank of India (RBI) has allowed banks to use the services of Non-Governmental Organizations/ Self Help Groups (NGOs/ SHGs), Micro Finance Institutions (MFIs), other Civil Society Organizations (CSOs), , companies registered under the Indian Companies Act, 1956, with large and widespread retail outlets, excluding Non Banking Financial Companies (NBFCs), Individuals like retired bank employees, retired teachers, retired government employees and ex-servicemen etc. as business correspondents (BCs). As per RBI, banks have engaged 95,767 Business Correspondent Agents (BCAs) as on March 2012.

(c) to (e) RBI has advised banks to take all measures to protect the interests of the customers. This includes introduction of BCAs personally to the members of public by bank officials, display of name of the BC, the telephone number of the base branch/controlling office of the bank and the Banking Ombudsman and the fees for all services available at the outlet. Banks are required to carry out a detailed review of the performance of Business Correspondents engaged by them at least once in a year. Complaints against the functioning of BCs, as and when received, are dealt with at appropriate level.